

**ASSEMBLY BILL**

**No. 148**

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**Introduced by Assembly Member V. Manuel Pérez**

January 18, 2013

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An act to add Chapter 8.65 (commencing with Section 25752) to Division 15 of the Public Resources Code, relating to renewable energy.

LEGISLATIVE COUNSEL'S DIGEST

AB 148, as introduced, V. Manuel Pérez. Renewable energy: Salton Sea.

Existing law requires the State Energy Resources Conservation and Development Commission to administer the Renewable Energy Resources Program to increase the amount of electricity generated by renewable electricity generation resources per year so that the amount equals at least 33% of total retail sales of electricity in California by December 31, 2020.

Existing law establishes the Salton Sea Restoration Fund that is administered by the Director of Fish and Game and, upon appropriation by the Legislature, used for the restoration of the Salton Sea.

This bill would require the Secretary of the Natural Resources Agency, in consultation and coordination with the Salton Sea Authority, to establish a Salton Sea Renewable Energy and Biofuel Research and Development Program in the Salton Sea basin to meet high-priority economic and environmental goals by providing grants to facilitate research and the commercial development of renewable energy and biofuel resources. The bill would further authorize the secretary, in consultation and coordination with the authority, to provide grants to eligible research institutions and commercial enterprises for research and demonstration projects leading to the commercial development of

the Salton Sea's vast renewable energy and biofuel resources. To be eligible for a grant, the bill would require a commercial enterprise for a demonstration project to agree to a royalty or other revenue arrangement. The bill would require royalties and revenues received to be deposited into the Salton Sea Restoration Fund. The bill would require the secretary by July 1, 2014, to initiate the rulemaking process for the program and a process for the application, review, and issuance of grants.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Chapter 8.65 (commencing with Section 25752)  
2 is added to Division 15 of the Public Resources Code, to read:

3  
4 CHAPTER 8.65. SALTON SEA RENEWABLE ENERGY AND BIOFUEL  
5 RESEARCH AND DEVELOPMENT PROGRAM  
6

7 25752. This act shall be known, and may be cited, as the Salton  
8 Sea Renewable Energy and Biofuel Research and Development  
9 Program.

10 25752.1. The Legislature finds and declares all of the following:

11 (a) The Salton Sea is California's largest lake, covering 365  
12 square miles, and it serves as an important stop on the annual  
13 Pacific Flyway migratory route, supporting over 400 species of  
14 birds and representing over two-thirds of all birds in the continental  
15 United States.

16 (b) Until recently, the amount of water entering the Salton Sea  
17 was roughly balanced by the amount of water evaporating from  
18 its broad surface.

19 (c) In 2003, the Legislature enacted legislation implementing  
20 the Quantification Settlement Agreement (QSA), a water transfer  
21 agreement between the Imperial Irrigation District and the San  
22 Diego Metropolitan Water District, that represented the largest  
23 agriculture-to-urban water transfer in the history of the United  
24 States.

25 (d) Under the QSA, the state agreed to cover the cost of  
26 mitigating the effects of the water transfer on the Salton Sea beyond

1 the first one hundred thirty-three million dollars (\$133,000,000)  
2 in costs.

3 (e) According to an analysis by the Pacific Institute, by 2018,  
4 reduced water inflows to the sea will reduce the sea's depth by  
5 five feet, resulting in the exposure of 26.5 square miles of currently  
6 submerged lake bed. By 2037, the sea's depth will drop by up to  
7 27 feet, resulting in the exposure of 134 square miles of lake bed.

8 (f) From 1913 to 1924, inclusive, a similar rural-to-urban water  
9 transfer occurred when the Los Angeles Department of Water and  
10 Power (LADWP) began exporting water from Owens Lake to Los  
11 Angeles. After only 11 years, LADWP had successfully drained  
12 all but a fraction of Owens Lake, exposing over 100 square miles  
13 of lake bed.

14 (g) For decades, the winds blowing across the exposed lake bed  
15 of Owens Lake eroded fine-grained sediments and salts, lofting  
16 them into the air, creating the single largest source of fugitive dust  
17 in the United States.

18 (h) Since 1998, LADWP has spent one billion two hundred  
19 million dollars (\$1,200,000,000) to stem dust pollution in Owens  
20 Valley mainly by flooding a 40-square-mile area of exposed lake  
21 bed at a cost of 30 billion gallons of water a year.

22 (i) In 2012, the State Air Resources Board upheld an additional  
23 order by the Great Basin Air District that required LADWP to  
24 flood an additional three square miles of exposed lake bed at an  
25 estimated cost of four hundred million dollars (\$400,000,000).  
26 LADWP has appealed the state's order in federal court.

27 (j) Considering that LADWP will likely spend up to one billion  
28 six hundred million dollars (\$1,600,000,000) to mitigate dust  
29 pollution resulting from its draining of Owens Lake, and the  
30 likelihood that mitigating dust pollution created by the Salton Sea  
31 will be substantially more expensive because up to 135 square  
32 miles of lake bed will be exposed as compared to only 100 square  
33 miles at Owens Lake. The creation of the Salton Sea Renewable  
34 Energy and Biofuel Research and Development Program will  
35 enable the creation of a dedicated and continuous funding stream  
36 to mitigate dust pollution resulting from the QSA.

37 (k) The creation of the Salton Sea Renewable Energy and  
38 Biofuel Research and Development Program will also encourage  
39 the development of one of the state's largest sources of renewable  
40 energy and provide a significant source of future revenue for the

1 restoration of the Salton Sea in the form of royalties or other  
2 revenue sharing funds.

3 25752.2. (a) For the purposes of this section, “Salton Sea  
4 Authority” means the joint powers authority comprised of the  
5 County of Imperial, the County of Riverside, the Imperial Irrigation  
6 District, the Coachella Valley Water District, and the Torres  
7 Martinez Desert Cahuilla Indian Tribe.

8 (b) The Secretary of the Natural Resources Agency, in  
9 consultation and coordination with the Salton Sea Authority, shall  
10 establish a Salton Sea Renewable Energy and Biofuel Research  
11 and Development Program to meet high-priority economic and  
12 environmental goals by providing grants to facilitate research and  
13 the commercial development of renewable energy and biofuel  
14 resources in the Salton Sea basin.

15 (c) The secretary, in consultation and coordination with the  
16 Salton Sea Authority, may provide grants to eligible research  
17 institutions and commercial enterprises for research and  
18 development projects and demonstration projects intended to lead  
19 to the commercial development of the Salton Sea’s renewable  
20 energy and biofuel resources pursuant to this section. The projects  
21 shall be sited within the Salton Sea basin, as designated by the  
22 secretary. Demonstration projects by commercial enterprises and  
23 research institutions shall do all of the following:

24 (1) Improve air quality by reducing criteria and toxic air  
25 pollutants, including fine particulates originating from the dry sea  
26 bed.

27 (2) Improve water quality in the Salton Sea that will stabilize  
28 marine habitats for fish and migratory birds.

29 (3) Present new options for the state’s restoration plan of the  
30 Salton Sea.

31 (4) Demonstrate the scalability of renewable energy and biofuel  
32 resources at the Salton Sea, including the following:

33 (A) Agricultural algae cultivation and production.

34 (B) Geothermal resource extraction and associated byproducts.

35 (C) Desalination technologies.

36 (D) Solar and wind development.

37 (5) Demonstrate the proposed project will have economic and  
38 job creating benefits for the Salton Sea basin.

39 (d) The secretary shall initiate the rulemaking process for the  
40 Salton Sea Renewable Energy and Biofuel Research and

1 Development Program and a process for the application, review,  
2 and issuance of grants under subdivision (c) no later than July 1,  
3 2014.

4 (e) A commercial enterprise, to be eligible for a grant under  
5 subdivision (c) for a demonstration project, shall meet all of the  
6 following requirements:

7 (1) Be incorporated as a business authorized to do business in  
8 the state.

9 (2) Provide matching funds for the proposed project.

10 (3) Certify use of state funds solely for the proposed project  
11 sited within the state.

12 (4) Demonstrate the proposed project will have substantial  
13 environmental and economic benefits to the Salton Sea basin  
14 region.

15 (5) Identify a customer or customers for the product to be  
16 developed.

17 (6) Agree to a royalty or other revenue sharing arrangement  
18 ensuring the state's ongoing financial participation in commercially  
19 viable operations authorized under the Salton Sea Renewable  
20 Energy and Biofuel Research and Development Program.

21 (f) A research institution, to be eligible for a grant under  
22 subdivision (c) for a research and development project, shall meet  
23 all of the following requirements:

24 (1) Be a nonprofit or educational research institution or  
25 consortium.

26 (2) Provide matching funds for the proposed project.

27 (3) Certify use of state funds solely for the proposed project  
28 sited within the state.

29 (4) Demonstrate how the proposed project will help lead to the  
30 commercial development of the Salton Sea's vast renewable energy  
31 and biofuel resources.

32 (5) Demonstrate the proposed project will have substantial  
33 environmental and economic benefits to the Salton Sea basin  
34 region.

35 (g) Royalties and revenues collected by the state pursuant to  
36 paragraph (6) of subdivision (e) shall be deposited in the Salton  
37 Sea Restoration Fund.